

Personnel Issues & You



UPPS Newsletter 2001-03

March 1, 2001

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[http://www.state.ky.us/
agencies/personnel/
pershome.htm](http://www.state.ky.us/agencies/personnel/pershome.htm)

Fund Changes at Deferred Comp

At a meeting on February 14, 2001, the Board of Trustees (Board) of the Kentucky Public Employees' Deferred Compensation Authority (Authority), in conjunction with their Investment Consultant, Nationwide Retirement Solutions, Inc. conducted their annual fund review.

Based on this review, two (2) new funds will be added April 2, 2001, and 2 existing funds will be closed effective June 13, 2001. The 2 funds being added are:

Dreyfus Premier Third Century Fund (Class A) – a socially responsible fund managed by Dreyfus. This fund is sub-advised by NCM Capital, a minority-owned and managed firm.

Putman International Growth Fund (Class A) – a Putnam fund employing a management team approach. This approach has succeeded in keeping the fund in the top third of all foreign stock funds for the past six (6) calendar years.

The 2 funds being closed (eliminated) are:

DFA U.S. 9-10 Small Company Fund, because of low participant interest.

Ivy International Fund (Class A), because of a change in both the fund manager and the fund's investment philosophy.

Participants currently invested in or investing in one (1) or both of the funds being closed will be notified in writing of the fund closures, and given opportunities to make fund change prior to the closure date.

Any participant balances existing in the funds to be closed will be transferred to the appropriate default fund.

In addition, in order to

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Employee's Withholding Allowance Certificates

Form W-4, Employee's Withholding Allowance Certificate, expires on February 15th of the following year after it is filed. If you do not receive a new Form W-4 by February 15th of this year from an employee claiming exemption from tax withholding, you must withhold tax from this employee at the single rate with zero allowances. You must continue to withhold this way until the employee submits a new Form W-4.

Payroll officers should send a copy of any Form W-4 claiming more than 10 withholding allowances or claiming exemption from withholding to Kentucky State Treasurer, attn: Dr. Eugene Harrell, 183 Capitol Annex to be included with the next quarterly withholding report to the IRS.

The Personnel Cabinet, Payroll Branch will be sending each agency payroll officer a listing of their employees claiming this exemption. If you have any questions regarding this, please contact the Payroll Branch at 564-6883. //

Welcome New Employees

We would like to welcome two new employees that will be working with you on payroll related issues. They are Ms. Beth Steinle and Ms. Donna Parker.

Ms. Beth Steinle joins us as Assistant Director to Jackie Shrout, Director of the Division of Employee Records. She will be intricately involved in the Integrated Payroll/Personnel System, which is still in the feasibility study stage. She can be reached at 564-7543 or 564-6873 ext. 2530.

Ms. Donna Parker replaced Carl Felix in our Payroll Branch. Ms. Parker formerly worked as the payroll officer for Mental Health Mental Retardation and can be reached at 564-6883 ext. 2515.

Please join us in welcoming Beth and Donna to our staff. //

Fund Changes... Continued from Page 1

take advantage of significantly lower fund costs for participants, the Board voted to exchange the shares of the following Vanguard funds to the lower paid (approximately 1/3 lower) Admiral Shares as they become available throughout 2001.

Vanguard Long-Term Corporate Fund

Vanguard GNMA Fund

Vanguard Wellington Fund

Vanguard Total Bond Market Index Fund

Participants invested in or investing in these funds will **not** have to act to obtain the lower cost Admiral Shares of their Vanguard Funds.

In a related development, the Authority has been advised, effective March 1, 2001, one of the fund offerings available to participants will change its name. On that date, the Nationwide Fund will become the Gartmore Total Return Fund. This name change is designed to better reflect Nationwide's global brand strategy and to more accurately reflect the fund's investment objective. There will be no change to the fund's current management, strategy or investment objectives, and participants investing in or invested in this fund will not need to take any action, unless they desire to change funds.

For more information on these changes, please contact the Authority toll free 800.542.2667 or in Frankfort 573.7925. //

CompDent Rate Changes

New rates for CompDent coverage will go into effect March 1, 2001. These new rates are listed below.

	<u>Old Rates</u>	<u>New Rates</u>
Employee	\$9.88	\$10.28
Employee & One Dependent	\$18.34	\$19.08
Family (3 or more)	\$25.76	\$26.80

Health Insurance

Please remind your employees that if they have an HMO or POS plan, in order to receive the maximum benefit, they must obtain a referral prior to seeing a specialist.

Also, please remind your employees that if they have Humana, they do not have access to all specialists listed in their provider directory. The PCP should be able to refer the employee to the appropriate specialist. //

Commonwealth Choice

Attached are a revised Refund Request form, Dependent Day Care Spending Account / Change in Status form and Health Care Spending Account/Change in Status form. Please begin using these revised forms immediately.

Remember that you do not process any 800 transactions for Commonwealth Choice unless approved by Susan Popp of this office. If you have any general questions about Commonwealth Choice, contact the member services Branch at (502) 564-0354 or (888) 581-8834. If you have specific questions, contact Susan Popp at the numbers listed above. //

Member Services Branch Staff Changes

We are sad to announce the departure of Vickie Smitha and Bridget Tingle. Vickie transferred to the Workers Compensation Branch effective March 1, 2001 and Bridget is now with the Kentucky Retirement Systems. We want to take this opportunity to wish them both well in their new positions. //

Exempt Status on "C" Screen

At the recommendation of the Payroll Council, we will start producing a monthly report to reflect employees who are coded as exempt from Social Security, Medicare, Federal and State Taxes. This report will only be produced for the agencies requesting it. If you need this report, please contact Jim Looney at 564-6883. //

Deferring Block 50s On-Line

Effective with the 2/16 through 2/28 supplemental pay period, you will be able to allow an employee to have a portion of their Block 50 payment put into Deferred Comp through the system. First, you will have to determine the amount the employee can defer with the Deferred Compensation Authority and have employee complete their Participation Agreement form, enter it on the "K" screen and then process the 912 transaction on POT, using a 7 in the deduction indicator (the Red X). The 7 will tell the system to deduct retirement, taxes and deferred comp.

This will need to be processed during the first two days of supplemental so that you can check your edits prior to payroll running. Please note that if the check is not at least a \$5.00 net, the system will kick it out and not process it.

As you are aware, once an employee appears on the Block 50 list and you mark them off because they have elected to have their monies deferred, the system will still self adjust the balance back to 240 hours on the "B" screen. Therefore, you will need to verify the hours on the "B" screen and adjust accordingly prior to processing the payment.

We have also put an edit in for the 911 and 917 transactions to ensure that the employee receives at least a \$5.00 net check. This should eliminate the problem of not enough social security being withheld.

If you have any questions on this procedure, please contact Carol Kelien or Donna Parker in the Personnel Cabinet, Payroll Branch at (502) 564-6883. //

COMMONWEALTH CHOICE REFUND REQUEST

TO: Hunt, DuPree and Rhine
P. O. Box 5035
Greenville, SC 29606



I am requesting the following FSA refund:

NAME: _____

SS#: _____

AMOUNT: _____

PAY PERIOD: _____

REASON: _____

PAYABLE TO: _____

Please return check(s) to:

Payroll Officer _____

Address _____

I will distribute the above refund(s) and will adjust the employee's payroll records accordingly.

Date

Signature of Payroll Officer

DEPENDENT DAY CARE SPENDING ACCOUNT



Commonwealth of Kentucky
COMMONWEALTH CHOICE
CHANGE IN STATUS FORM

NAME	SS#	-	-
STREET			
CITY	STATE	ZIP	
STATE AGENCY	DAYTIME PHONE () -		

Please indicate the type of status change incurred:	
<input type="checkbox"/> Birth, adoption, placement for adoption	<input type="checkbox"/> Dependent satisfies, or ceases to satisfy, eligibility status under the plan
<input type="checkbox"/> Marriage	<input type="checkbox"/> Change in residence or work site
<input type="checkbox"/> Divorce, legal separation, annulment	<input type="checkbox"/> Employment status change for employee, spouse, dependent
<input type="checkbox"/> Death of employee, spouse, dependent	<input type="checkbox"/> Dependent Day Care cost Increases/Decreases (must meet appropriate criteria)

This is to certify that on _____ (Date of Event), I incurred the status change(s) checked above, and therefore wish to change my plan benefits as indicated below. I understand that the change request must be consistent with the change in status change event.

I request a change in my "per check reduction"

from \$ _____ to \$ _____

Effective Date

Employee Signature

Date

NOTE: The IRS allows only the above family status changes, and it requires that you maintain legal documentation of the changes in your personnel records. Examples of documentation include: marriage, birth or death certificates; divorce decree; notice of legal separation, proof of change in spouses' employment; adoption papers; letter from Daycare or property deed.

Coordinator Signature

Date Approved:

Approved by

:



HEALTH CARE SPENDING ACCOUNT

Commonwealth of Kentucky COMMONWEALTH CHOICE CHANGE IN STATUS FORM

NAME	SS#	-	-
STREET			
CITY	STATE	ZIP	
STATE AGENCY	DAYTIME PHONE () -		

Please indicate the type of status change incurred:	
<input type="checkbox"/> Birth, adoption, placement for adoption	<input type="checkbox"/> Judgment, decree, order (including qualified medical child support order)
<input type="checkbox"/> Marriage	<input type="checkbox"/> Dependent satisfies, or ceases to satisfy, eligibility status under the plan
<input type="checkbox"/> Divorce, legal separation, annulment	<input type="checkbox"/> Change in residence or work site
<input type="checkbox"/> Death of employee, spouse, dependent	<input type="checkbox"/> Employment status change for employee, spouse, dependent
<input type="checkbox"/> Entitlement to Medicare or Medicaid of employee, spouse, dependent	<input type="checkbox"/> HIPAA special enrollment right event

This is to certify that on _____ (Date of Event), I incurred the status change(s) checked above, and therefore wish to change my plan benefits as indicated below. I understand that the change request must be consistent with the change in status event.

I request a change in my "per check reduction"

from \$ _____ to \$ _____

--

Effective Date

Employee Signature

Date

NOTE: The IRS allows only the above family status changes, and it requires that you maintain legal documentation of the changes in your personnel records. Examples of documentation include: marriage, birth or death certificates; divorce decree; notice of legal separation, proof of change in spouses' employment; adoption papers; or property deed.

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Coordinator Signature

Date Approved:

Approved by

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